U.S. Department of Energy

Mesaba Energy Project

Public Scoping Meeting

Taconite Community Center
26 Haynes Street
Taconite, MN

October 25, 2005

TRANSCRIPT OF PROCEEDINGS

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I N D E X

P R O C E E D I N G S

MR. RICHARD HARGIS: Well, thanks. Thanks for letting us be here tonight, and welcome to the U.S. Department of Energy's public scoping meeting for the Mesaba Energy Project. We have a court reporter here, and I'm asking him to let the record show that the meeting began on October 25th at it looks like 7:02 p.m. My name is Rich Hargis, and I work at the National Energy Technology Laboratory of the U.S. Department of Energy, and I'll be responsible for managing the preparation of the Environmental Impact Statement for the Mesaba Energy Project.

First I would like to make some introductions, and it is going to take me a little bit to get them organized here, but, first of all, from -- we have State Representative Loren Solberg here tonight, State Representative Irv Anderson, State Senator David Tomassoni --

AUDIENCE MEMBER: Could you have them stand up so we could see who they are?

MR. RICHARD HARGIS: Sure, if they are here.

AUDIENCE MEMBER: Who is who?

MR. RICHARD HARGIS: Tomassoni (indicating); Solberg. (Indicating.)

We also have the Mayor of Taconite, Jim

Lawson, is here. I'm not sure if he is in the audience.

We have Damian Hoey from the Taconite City Council over here. (Indicating.)

Darrel Hongo from the Taconite Council.

We have David Lotti, the Mayor of Marble and chairman of the Western Mesabi Planning Board.

Tim Merhar, Chairman of the White Earth Reservation for the Iron Range.

Paul Maurer, Minnesota DNR State Parks is here.

Chris Kavanaugh, Minnesota DNR in Fisheries.

Let's see.

Bill Baer, U.S. Army Corps of Engineers. Bill is over there. (Indicating.)

Bob Simonson, Supervisor of Arbo Township, in the back.

And Fred Tanner, Trout Lake Township, Western Mesabi Mine Board.

Mark Mandich, Itasca County Commissioner.

And Lloyd Cogswell, city councilperson. I hope I got everybody from that list.

We also have Bill Storm from the Minnesota Department of Commerce. He will be leading the State EIS process -- review process.

I would also like to introduce some of the U.S. Department of Energy personnel involved in this project and attending this meeting. Ken Markel is here. He is the Director of the Office of Major Demonstration Projects at the National Energy Technology Laboratory.

Bill Mundorf is the -- Bill is right there. (Indicating.) He is the DOE Contracting Officer for the project.

George Pukanic, he is the Project Engineer for the project.

Unfortunately, Jason Lewis, the DOE Project Manager for the project, was unable to be here due to a death in his family, but he hopes to see you at all future public meetings.

We also have representatives from Potomac-Hudson Engineering here tonight. Joe Grieshaber, he leads the team of experts from Potomac-Hudson that will help DOE prepare the Environmental Impact Statement.

And also in the audience are representatives from the industrial participants in the project, Excelsior Energy, and they will be introduced later during a presentation on the project.

Okay. Here is tonight's agenda. There will

be a few brief presentations before we get to the real heart of the meeting, and that's your comments. I'll start with a brief discussion of the meeting purpose. Ken Markel will then describe the Clean Coal Power Initiative; how this initiative meets our energy -- nation's energy needs. Then Bob Evans of Excelsior Energy will give an overview of the Mesaba Energy Project. And after that, I'll present a few slides on the Environmental Impact Statement process and governing law, the National Environmental Policy Act, NEPA; and at that point we will turn the microphone over to you for your comments.

Okay. Why are we having this public meeting? I've been asked that a couple of times. Well, we are looking for comments from you, from the public, on the environmental impacts of the proposed project, the alternatives that should be considered, the significant issues that need to be addressed by the U.S. Department of Energy and the environmental studies that should be performed.

Your comments tonight will help to establish the scope of the analysis that DOE will perform. Your comments are very important to us in ensuring that DOE has considered all the environmental issues and that the proper emphasis is given to the most critical

issues before making the final decision on the proposed action.

And please recognize that we are in the early stages of the environmental analysis. I know a number of people have shown some frustration that I couldn't give them all the answers, but the purpose of this meeting tonight is to understand your questions so we can get the answers for you, and we will not be in a position to answer specific questions about the impacts until the analysis has progressed further.

Ken Markel is now going to discuss the Clean Coal Power Initiative.

MR. KEN MARKEL: Good evening. We thought it would be a good place to start to let you understand the context in which this project came about. The Clean Coal Power Initiative is a legislative program. Congress has appropriated money to do demonstrations of advanced coal technologies for the production of power. The projects executed under this program are selected through a competitive process where solicitations -- or where a solicitation goes out to the world for ideas on how to demonstrate advanced coal technologies. Proposals are received, and then extensive evaluation takes place that looks at the technology, the environmental impact, the management team, the

financing, a lot of variables that are assessed. This round of solicitations was the second under the Clean Coal Power Initiative. There were 13 proposals submitted; four were selected. This is one of two gasification technologies that was selected. The other is in a project in Orlando, Florida.

The process is very intense. The process gets a lot of scrutiny by people within the Department as well as experts from outside the Department that we bring in to determine just what is being proposed and how well it will be executed. The gasification technology as being demonstrated in this project offers a lot of opportunities to be more efficient, to be less polluting, and to produce power at a lower cost than some of the competing technologies.

One of the things that is important to remember, that in this solicitation process all ideas first are considered, but the purpose, and the legislative purpose that Congress put on the Department for this, was to take technologies from the research and development stage to an actual commercial demonstration stage. In the power industry it costs a lot to build power plants. There is a great deal at risk, and the utility industry is typically very reluctant to take on new technologies. Congress said,

"We will provide some Federal money in order to mitigate that risk because the new technologies are going to be cheaper, cleaner and more efficient, and we want them to get to the marketplace more quickly, and providing demonstrations that show that they actually work well will encourage others to participate or use that technology."

That in a nutshell is what I wanted to leave you with. It is a legislatively-mandated program. The project was selected through a competitive process. Gasification is one very good opportunity to use coal to produce electricity in an environmentally acceptable way that provides it at a price that is competitive with alternatives. Any questions?

(No response.)

Thank you very much.

MR. RICHARD HARGIS: Thanks, Ken. The next presentation will be some specific aspects of the Mesaba Energy Project, and we have Bob Evans from Excelsior Energy.

MR. BOB EVANS: Good evening. Before I get started with the presentation, I wanted to introduce some of the Excelsior representatives and other folks that are supporting our effort that are in the audience tonight. I would like to have you stand and remain

standing until I've introduced everyone. We have Tom Micheletti, Excelsior's president and co-CEO.

Mike Wadley, Excelsior's Vice-President of Operations.

Pat Micheletti, Excelsior's Director of Public Affairs.

We have Gordon Sims, Director of Project Engineering at Fluor Corporation, our engineering design firm.

Tom Lynch, Chief Gasification Engineer from ConocoPhillips, our technology supplier.

We have Matt Seltzer, an attorney from the firm of Leonard, Street & Deinard.

Larke Huntley from the Huntley Law Firm in Grand Rapids.

And Chuck Michael from Short-Elliott-Hendrickson. Chuck is back there.

My name is Bob Evans, and I'm Excelsior's Vice-President of Environmental Affairs.

Don't hesitate to ask any one of us if you have questions about what you have seen on the boards or what you hear in this presentation. We will stay as long as we can to -- as reasonably possible, at least, to answer any questions you have after this scoping process. If we can't answer a question, we will get

back to you as soon as we can after the meetings are done. Thank you. I guess you have already been seated. Thank you, gentlemen.

To avoid confusion during the presentation, I'm going to try to consistently refer to the Mesaba Energy Project as "the project," so when you hear me talk about "the project," that's what I'm going to be talking about; and the electric generating station that forms the central part of the project as the IGCC power station.

The remainder of our presentation, Excelsior's presentation, will be devoted to providing an overview of the project, the criteria we used to select the West and East Range sites, our ongoing investigations, the permits that we had to obtain prior to commencing construction, our current development schedule, and efforts the company will make to keep interested parties informed of project-related news.

Okay. The project will be developed in two identical phases. The commercial in-service date Excelsior is targeting for Phase I is the second quarter of 2011. The Phase I developments would include all equipment and infrastructure required to construct and operate an electric power station based on Integrated Gasification Combined Cycle Technology,

commonly referred to as IGCC. A descriptive schematic of the IGCC technology used on the project is illustrated on the board in the back entitled, "A Look Inside The Process." And we have got Tom Lynch or anyone on the team who will be glad to take you through that if you have a question.

The IGCC power station being constructed as part of Phase I would be capable of delivering 600 megawatts of electricity to the station's switchyard. From there, high voltage transmission lines would carry electricity to an electric substation that will connect the project to the regional electric grid.

The IGCC power station will use coal and petroleum coke as its primary fuel. The project's preferred blend of these two fuels is 75 percent by weight sub-bituminous coal from the Powder River Basin and 25 percent by weight petroleum coke. Importantly, the station would be capable of using 100 percent sub-bituminous coal or 100 percent bituminous coal from Illinois; thereby, providing Minnesota consumers with a fuel flexible plant. We believe that this feature will provide significant economic and energy security benefits to the state residents. The IGCC power station backup fuel would be natural gas, and we would use that fuel for starting up the facility.

Compared to conventional coal-fueled generating stations currently operating throughout Minnesota and the nation, this technology provides a superior environmental performance platform on which to generate electricity from coal.

As required under the State's Power Plant Siting Rules, Excelsior must propose at least two sites upon which a generating station could be developed and identify which of those sites we consider to be the preferred. Excelsior selected the West Range site as its preferred site. The site is located north/northeast of the city of Taconite. The company's alternative site is located due north of the city of Hoyt Lakes, and we will be having meetings at Hoyt Lakes tomorrow night.

The land identified for development at each site is currently undeveloped and unoccupied. Both sites are located in close proximity to major rail and highway interconnections, existing high voltage transmission line corridors, adequate sources of water, local sources of potable water, and domestic wastewater treatment facilities. Major electric substations and backup fuel supply for the West Range site is relatively close to the project location. Excelsior would identify necessary -- will acquire necessary

easements to access such facilities.

We have obtained an option to purchase the West Range site, and we have determined that the site will accommodate both Phase I and Phase II developments. The amount of land that we have optioned for the West Range site is 1260 acres. We are negotiating to obtain an option to purchase the land at the site referred to as the East Range site.

The Phase II IGCC power station at each location we have already said would be identical to the one that is constructed under Phase I.

Just in terms of some environmental information about the project, we are preparing an environmental report to identify the environmental impacts associated with constructing the Phase I and Phase II developments at each site. That report will also address the potential to mitigate adverse impacts that are identified.

Construction at either site is scheduled to begin the third quarter of 2007, and be completed in the fourth quarter of 2010. The Phase I IGCC power station would commence start-up testing in the fourth quarter of 2010, and conclude in the second quarter of 2011. Following such testing, the power station would commence commercial operations.

Approximately a thousand construction workers would be required on site at the peak of construction activities. Transportation to the site would require the use of personal vehicles or other means of transportation.

Of the large tract of land required to develop the total project, the Phase I power station requires approximately 85 acres for the power plant proper, with an additional 85 acres required for equipment laydown and other support activities necessary for construction.

Approximately 75 acres would be required for the West Range rail spur and its right-of-way, and approximately 65 acres would be required for access roads to the site from nearby highways. In both instances, rail and highway, the needs for the East Range are expected to be somewhat less than that.

Operation of the Phase I IGCC power station would create about 100 to 120 jobs per month, full-time jobs.

Peak operation of the power station on Phase I would consume approximately 8,230 tons of coal per day; that's a maximum. This quantity of coal would require between four to five round-trip unit train car trips per week. A unit train trip would be one full, one

empty, and we would require four to five of those per week. Each unit train would consist of about 115 railcars, and each car would carry about 120 tons of coal.

Approximately 6500 gallons of water per minute would be appropriated during our peak operation of the plant, at the IGCC power station, on a hot summer day. Approximately 4,500 gallons per minute would be required on an annual average.

Depending on the fuel being used, the station would produce between 500 and 800 tons per day of slag. That's a black, nonhazardous, glass-like material that has broad industrial uses. Also, depending upon the fuel used, the station would produce about between 30 to 160 tons per day of elemental sulfur. That could be sold or transported -- and transported off site.

The station at either site would avoid discharges of process water used to clean the synthesis gas from the gasifier prior to its combustion. To accomplish this, the station will produce material for disposal at off-site landfills. Such material would include salt, that is sodium chloride, produced by the zero-liquid-discharge system for the West Range site. For the western site, the amount of salt produced is expected to total about 2,200 tons a year.

Approximately 75 tons per year of activated carbon would require disposal at an approved off-site landfill. This total would include spent activated carbon required to remove a minimum 90 percent from the potential combustion concentration of mercury present in the delivered fuel. Air emissions from the Phase I IGCC power station would vary between 19 to 39 pounds per year depending on the fuel consumed, and that would assume a 90 percent reduction and a 92 percent capacity factor of the facility on an annual basis.

An important benefit of the project at the West Range site is that it would provide a means of flood control for the Canisteo and Hill-Annex Mine Pits. Water levels in those pits have continued to rise after the cessation of mining activities. In the case of the Hill-Annex Mine Pit, water has been pumped out of the pit since the mid 1980s to avoid flooding of the state park. In the case of the Canisteo Pit, water levels are now at a level where they are beginning to pose a flood threat to local communities. Therefore, water appropriated as part of the project at the West Range site, at least, for cooling purposes would double as a means of eliminating the threat of flooding. Cooling water discharges from the West Range site would be directed to Holman Lake. Any discharge from the

East Range site would be expected to be handled by the Hoyt Lakes wastewater treatment system.

Construction of the Phase II IGCC power station would overlap activities associated with construction of the Phase I power station. In general, the resource requirements would double. The exception would be the permanent labor force required to operate the expanded generating station and the infrastructure required for access to the site. Approximately 160 to 180 permanent full-time positions would be required to staff the Phase I and Phase II developments. Both the labor force and the infrastructure are going to be shared with the Phase I developments.

Excelsior, as I've said before, believes that there is sufficient water at both sites to accommodate both Phase I and Phase II developments. The commercial in-service date for Phase II is expected to be 2013.

Excelsior has worked over the past four years to identify sites which could support operation of the Phase I and Phase II developments. I haven't been with the company that long, but Tom Micheletti has been working on it for a very long time.

The criteria Excelsior has used to identify its sites are listed on this slide. In general, they address both the practical and economic requirements of

developing a large industrial power station. Additionally, the criteria consider the important questions of local and regional public support.

We are currently conducting ongoing studies to evaluate the station design for each site in order to optimize the balance between environmental and economic requirements for an IGCC power station.

Listed on this slide are the permits required prior to commencing construction of the project. They include a site permit and a high voltage transmission line and natural gas pipeline route permits from the Minnesota Public Utilities Commission. Additionally, approval of an Environmental Impact Statement prepared as part of the State's Power Plant Siting Process will be required.

Permits to be issued by other state agencies following EIS approval include an air permit, wastewater discharge permit, water appropriation permits, a wetlands permit. The wetlands permit may require Excelsior to offset any filling of applicable wetlands that are attending the project developments.

Each of the permits listed on this slide will require a public hearing at which interested parties can provide input.

We anticipate submitting the joint permit

application in December of this year. Submission of other agency permits is targeted for January 2006. And we do have -- we are targeting the submission of an air permit in 2005, in December.

Excelsior representatives are going to remain here as long as we reasonably can to answer any of your questions. Like I said before, if we can't answer any of your questions, we will do our best to follow up with you later.

We have a signed list of people that are -- have been provided as you signed in, and we will use that list to help inform the public of our activities in the area.

Thank you for your attention and your interest in the project.

MR. RICHARD HARGIS: Okay. Thanks, Bob.

Now I would like to provide some background on the Federal environmental review process, and the driving force is the National Environmental Policy Act, or NEPA for short. This Federal law applies to all actions by Federal agencies, and it is a national charter for protection of the environment.

The mandate is to make environmental information available before final decisions are made on any Federal action that could significantly affect

the quality of the human environment.

The emphasis is on making well-informed and appropriate decisions that take proper consideration of environmental impacts. The focus is on truly significant issues, and that's what we are here tonight asking you to help us with, identifying those issues that are truly significant so that the Federal Government can make the best decision possible.

This slide shows the EIS required contents. The Council on Environmental Quality has issued regulations for implementation of NEPA that include the required contents of an EIS, and these are listed here. Most of these are pretty straightforward, but the two main areas are highlighted in blue where we need comments from you, and those are the examination of reasonable alternatives and the environmental consequences of the proposed action.

In this case, the proposed action is to provide cost-shared funding for project activities beyond preliminary design and project definition. And DOE may also provide a loan guarantee pursuant to the Energy Policy Act of 2005 to guarantee a portion of the private sector financing of the project.

This is a list of topics that are typically addressed in an EIS. The Notice of Intent to Prepare

an Environmental Impact Statement that was published in the Federal Register on October 5th contains a similar list of environmental issues to be addressed for the Mesaba Energy Project, and I'll briefly discuss some of these issues.

In addition to impacts from criteria pollutants, air quality issues include emissions of mercury and other air toxics, as well as visibility impacts. It is our understanding that air toxic emissions will be addressed in a risk analysis to be prepared by the Minnesota Pollution Control Agency, and the results of that risk analysis will be incorporated in the EIS. With regard to visibility, the U.S. Forest Service will be a cooperating agency in the development of the EIS to address impacts to the Superior National Forest. Impacts on surface and groundwater resources will be addressed, including water usage, wastewater and stormwater management. Water quality issues would be primarily associated with cooling tower blowdown, including mercury and thermal effects.

There will be issues associated with infrastructure, as Bob mentioned, and land use since both sites are considered greenfield sites, and there will be development of infrastructure at either site including railroad spurs, plant road construction,

water and gas pipelines, and upgrades to high voltage transmission lines, and all that will be included in the EIS as well.

With regard to wetlands, there are approximately 300 acres of wetlands at either site, and wetland impact avoidance, minimization and mitigation will be addressed in accordance with Section 404 of the Clean Water Act and the Minnesota Wetland Conservation Act. The U.S. Army Corps of Engineers will help the Department of Energy as a cooperating agency in evaluating these wetland impacts.

Ecological resources will be evaluated for potential on-site and off-site impacts to vegetation, wildlife, protected species, and ecologically sensitive habitats.

Potential effects on cultural resources will be addressed in consultation with the State Historic Preservation Office and Native American tribes.

Analysis of community and socioeconomic impacts would include effects on local traffic patterns and demands on public services and infrastructure due to the influx of construction and operating personnel.

This flow chart shows the steps involved in the preparation of a Federal Environmental Impact Statement. The process that will be followed for this

project will be slightly different than the one shown here since we plan to prepare a joint Environmental Impact Statement with the State of Minnesota, and I'll discuss that a little later, the Department of Commerce, and this will provide additional opportunities for public involvement. But first let me describe the typical Federal EIS process.

The public scoping period for this project begins with the Notice of Intent published in the Federal Register on October 5th. After the close of the public comment period, the preparation of the draft EIS will begin. There is then another opportunity for public comment at a public hearing after the draft EIS is published. The comments on the draft EIS are then incorporated into a final EIS, which is also released for public review. And, finally, a Record of Decision is issued on the proposed action based on the results of the final EIS.

This is the state process which Bill Storm provided to me. In accordance with the Minnesota Power Plant Siting Act, the State is required to prepare an Environmental Impact Statement which is substantially similar to the Federal EIS. Therefore, it is DOE's intent to prepare, in cooperation with the Minnesota Department of Commerce, an EIS that will fulfill both

Federal and State requirements. Therefore, there will be a joint State and Federal scoping period probably sometime in February. The draft EIS will then be issued as a joint document, and there will be joint public meetings on the draft EIS. From that point on the two processes will run in parallel, with the final EIS also being issued as a joint Federal/State document. DOE Record of Decision would then be issued in the same time frame as the Public Utilities Commission decision shown at the end of the State process on this slide.

Now, you may ask why you should comment now when there is going to be joint scoping meetings later. Well, the purpose of these Federal scoping meetings is to allow public comment as early in the process as possible. And the early scoping period also allows us to begin working on a draft EIS so we can complete the draft EIS on the same schedule as required by the State process.

Okay. Now we are ready for your comments, but please limit your comments to five minutes. We have a number of speakers, and I want to give everybody who wants to speak an opportunity. So if you need additional time more than the five minutes, we will incorporate some additional time at the end after

everyone who has registered has had a chance to speak. When I call your names, please step up to the microphone and state your name for the record. And, also, please note that a written transcript is being made, so speak loudly and clearly, and the court reporter will appreciate it.

There are a number of you that registered at the meeting here, but I also had some people who preregistered before this meeting, and the first one who asked to talk was Mr. Steve Rowley. Is Steve Rowley here?

MR. STEVE ROWLEY: Right here. My name is Steve Rowley. First off, the project seems to change more often than not, so I'm not certain if this is going to be the final project, but from what I understand, there is another project called MSI, a project further east, and I'm wondering about the cumulative effects with regard to pollution with those two projects so close together. What can we expect as far as emissions? Will they be sequestered or anything like that?

MR. RICHARD HARGIS: Yeah, I guess I didn't include that in the presentation, but cumulative effects is an important part of a need to document, and we intend to incorporate every other project that is

foreseeable and address that in the EIS, but thanks for pointing that out.

MR. STEVE ROWLEY: Well, the CO^2 as I understand is not going to be injected into the ground? Will it just simply be released into the atmosphere? Will there be a future to capture that?

MR. RICHARD HARGIS: Will there be -- I'm sorry?

MR. STEVE ROWLEY: The CO^2. As I understand it, usually they try to inject it into the ground or sequester it, but from my understanding, a few of the sites being bedrock, there is no way to inject it into the ground, so they are just going to simply release it into the atmosphere. How is that going to be handled?

MR. RICHARD HARGIS: So what you would like to see is some discussion of CO^2 captured in the EIS?

MR. STEVE ROWLEY: Global warming.

MR. RICHARD HARGIS: My understanding is that CO^2 capture and sequestration is not to be demonstrated as part of this project, but this technology has that capability. So in the future, if -- if CO^2 capture were to be regulated, this type of project -- this type of technology would more readily incorporate that type of -- that type of process.

MR. STEVE ROWLEY: Okay.

MR. RICHARD HARGIS: Okay. The next preregistered speaker was Ronald P. Gustafson.

MR. RONALD GUSTAFSON: I have an extensive background in working with First Responders, and local, state and public health agencies, and the State of Minnesota regarding Homeland Security, and I've got some concerns with the resources of the local community during the three phases of the project. During the construction phase, with 1,000 workers on board, will there be an adequate response and recovery mitigation by any local emergency services; and are we equipped to handle those emergencies? During the plant's operation, with the staff and the additional 100 to 180 employees, what will be in place to serve that plant in the event of an emergency; not only with the employees, but also with the operation of the plant itself? The plant emergencies, I'm really concerned that the impact statement include a complete analysis of the required resources and equipment and training needed for local First Responders to effectively mitigate any and all plant emergencies or events, and who will determine the level of response and whether or not an emergency has been sufficiently mitigated, as well as who will fund this training and equipment to bring our local First Responders to the level of training and expertise

needed to respond to any emergencies within the plant? Because power plants regardless can be dangerous at times, and if there is a serious event in the power plant, what do we have in place with our emergency services that will adequately provide an adequate response to that emergency?

MR. RICHARD HARGIS: Yeah, that's an important part of the community impacts that I mentioned when I went over the list of topics. All those issues are very good questions, and we will make sure that they are adequately addressed in the EIS.

MR. RONALD GUSTAFSON: Thank you.

MR. RICHARD HARGIS: Thanks. Okay. Now we get to Ben Castagneri.

MR. BEN CASTAGNERI: Hi. My name is Ben Castagneri. I've lived and worked on the Iron Range my entire life. My grandfather came here from Italy, first in the mines when you had (indiscernible).

I have concerns about the wastewater. The wastewater will flow through a number of different lakes into the Mississippi River. The noise and the coal dust from the railroad will affect my property. I have property on Diamond Lake that I plan to retire on. The plant was proposed for an abandon mine site near Hoyt Lakes, formerly LTV Mines. I have worked in that

area delivering to LTV for nearly 20 years. It is a wasteland, like a moonscape. It is not like the proposed thousand acres in my area with the Mesabi Bike Trail, the Taconite Snowmobile Trail, and many hiking trails. I have learned more about nature there in the nine years that I have owned it than you can imagine. Watching an osprey fish from my dock is amazing. Bald eagles use the currents off my hill and the lakeshore to score, along with hawks and turkey vultures. The racoons and bears ramble through from time to time looking for food. Also, the variety of birds that come to my bird feeders is a real treat. We have a pair of loons that nest on the lake and raise their young every year. Blue herons nest from the east end of the lake. The fishing is great. Dad and I have had many once-in-a-lifetime fishing experiences. What I'm concerned about is am I going to lose this? What is the effect of the dust, the noise? Will they take my property? I guess I'm just concerned. And like I said, I've worked up here for many, many years, I drive a truck, 27 years, and there are so many abandoned mine sites from here -- from Coleraine to Hoyt Lakes. I guess I was just confused. I thought this was supposed to be a mine land reclamation project. And, again, I'm concerned about the noise and the dust. Thank you,

sir.

MR. RICHARD HARGIS: Thanks, Ben.

Yeah, as far as the selection of the site, the DOE does not really have a decision in that process. The State does have a decision in terms of which site would be permanent, so when we get to the joint Federal/State process, we will be sure to address that.

As far as the noise and the dust, those types of issues, the water management, we will do our best in terms of addressing those issues. The Federal process is to treat both sites the same and address all the impacts from both sites.

MR. BEN CASTAGNERI: Thank you, sir.

MR. RICHARD HARGIS: The next speaker is Linda Castagneri.

MS. LINDA CASTAGNERI: Well, thank you. I was born and raised on the Iron Range. My childhood home was lost in the expansion of the mining industry, and right now if you were to drive out there, you would see the Hibbing Taconite pit. And I will again be residing and registered to vote in Itasca County before this plant is built.

I would like to talk about some of my concerns tonight. I have significant medical problems; some that have never been really determined as to how I got

them, but let's say that I have already -- it is fair to say that I've already been exposed to a whole lot of stuff in my life. And because I have a diagnosis of idiosyncratic epilepsy; in other words, I have my own electrical problems; I also have had the lower lobe of my lung removed due to a tumor of an unknown origin. So because of my personal health history and the distance of the plant from the intended consumers, I am very concerned about the health and safety impacts caused by the magnetic fields of the high voltage transmission lines.

How it was explained to me -- I was talking to the nurse practitioner at work. She's really helped me through a lot of my medical problems. She is locally from Pengilly, and she said -- you know, I said, "Well, maybe if they moved that rail line, I can just kind of live with that." And she goes, "Oh, no." She goes, "Those power lines. That the air is going to come across those power lines, and the magnetic field is going to charge that, and those particulates are going to be hell, and when you inhale them, they are going to stick to your lungs." So I guess what I would like to have included in the scoping, especially with coal -- and it is my understanding this coal particularly coming from the west is very dusty, very dusty coal. I

would like the environmental scoping to include an inventory of all the particulates that may be attached to the air as it is blown away from the high voltage transmission lines, since the air will be charged and these particulates have a much higher probability of attaching in our lungs and staying there, thereby causing more -- potentially more tumors and cancers. And I don't have any more lungs to give up. Thank you.

MR. RICHARD HARGIS: Thank you, Linda. EMF, electromagnetic force, is a controversial issue, as you probably know, and I have not heard that particular theory about particulates and making them more likely to be captured in the lung, but we will do some research on that, and we will make sure that we address that to the extent that we can. Thanks.

Okay. Now, the next speaker is Carol Overland. She sent me an e-mail and also wrote her name down, so --

MS. CAROL OVERLAND: My name is Carol Overland. I am an attorney working in utility regulatory issues. I've been following this particular project since December 2001, when it was first publicized.

Also, a quick for the record, is a transcript being done? When will that be available; and how?

MR. RICHARD HARGIS: The transcript for tonight, typically they are available in, say, three weeks. Our intent would be to have it available -- made available at a local public library.

AUDIENCE MEMBER: Can we have the speaker identify where they are from?

MS. CAROL OVERLAND: I am from Red Wing. I live right down wind and down river from the Prairie Island Nuclear Plant. I'm not from the area. I've been working on utility issues. I worked on the Arrowhead project. I worked on the Chisago project on transmission issues. I represented Florence Township on its legal rights. So my concern is for utility regulatory issues; it is not as a land owner, although I've worked on land use issues.

Also, regarding Linda's comment, I want to make sure that you know that it is air salt pollutants, and it is Henshaw. In fact, there is a lot of stuff sometimes I'm surprised you haven't heard of it. And it is where the particulate matter comes in contact with the corona from the lines, and it has an impact.

Essentially, the most important part here is that in this matter a lot of the information here on those boards back there, on the PowerPoints, we have not had that information before. This information

should be here for each of us to pick up and take home and look at so that we can write our comments intelligently. The only reason I would have some of that information is because I took pictures of it. I'll post it on my blog. You know, search "Mesaba Project," "Carol Overland," and you can find that information. But how -- how do we know these things? We don't know what to ask about as far as environmental scoping goes because we don't know what the project is. This is a logical problem. And so I ask that the project promoters give us this information. Give us this underlying information. We don't know what the project really entails.

Okay. Alternatives analysis here is problematic because you have said in the (indiscernible) that it will only cover the project itself and the no build option which is required under NEPA. That is too narrow, and it should include a full range of alternatives. As was said earlier, there are many, many mine sites, abandoned mine sites, and we need to look at this. It isn't reasonable for the DOE to look only at that and claim that its responsibility is less because it is not the project owner. This project could not go forward but for DOE money and DOE loan guarantees, and you have that responsibility to

make sure that the environmental impacts are reasonable in light of what the impact would be.

Also, this project threatens environmental mitigation steps taken by the EQB. In the Arrowhead project there was transmission limitations of 800 megawatts, and that is -- I've got the documents, and I filed that in a form -- you have a question?

MR. RICHARD HARGIS: No. I'm trying to keep all this so I can --

MS. CAROL OVERLAND: Okay. The Arrowhead project, it starts in Arrowhead. I put that on there because the Environmental Quality Board listened to the Pollution Control Agency in Minnesota, which was concerned about above-power transfers and potential increased mercury deposition and increased CO^2. And so the response then was to limit how much power could go out on the line. What this does is this will go to Forbes -- I mean, to Blackberry and then probably to Arrowhead, and that's what I want -- at the meetings that I've been to, from there we don't know, but this does threaten to go around the face of the transformer. And so will that happen; and then will that then undo the environmental mitigation that the PCA and the Minnesota EQB put on that line?

Also, in terms of public safety -- because the

purpose of that transformer that is in the Arrowhead substation is to preserve the stability of the grid. Without that, it becomes unstable. So if you're circumventing that, what will that do? It threatens public safety because of causing instability to the grid.

Also, I've included documentation about the Blackberry line, from Blackberry to Arrowhead that should be looked at because there already is a substantial problem with that line. It needs to upgraded. And there is some comments in that that the engineer from the Wisconsin Public Service Commission analyzed the Minnesota Power documents and gave his recommendation, so I've included that in the comments as well. And I'll have a lot more comments ultimately, but mostly I'm concerned at this point that we don't have the information we need, and that the alternatives need to be looked at, not just build what they want or don't build it, but a range of alternatives or range of sites that is here, and we need to be looking at that.

This is a very different project than what was proposed, very different; and because of that -- you know, this is bait and switch, and we need to look at this and -- look at the project as proposed and then this project. There is a big difference.

MR. RICHARD HARGIS: Okay. Thanks, Carol. I guess with regard to the information, I think that if -- if you're looking at the State process, you probably do have more information at this -- at the scoping meeting time frame. I hope that people here look at this as an early opportunity to provide comments based on the information that we have to date.

MS. CAROL OVERLAND: But we don't have it. We don't get the copies of it.

MR. RICHARD HARGIS: To the extent that we could get you more information we will, but the point is that when we get to these scoping meetings, the joint Federal and State process scoping meetings, there will be a permit application which will be volumes of information that will be available. So I think the criticism is justified if this were the only scoping meeting that you would have an opportunity to comment on, but that I hope you look at this as an early opportunity to comment, and that you will have another opportunity to comment later with more information.

Let's see. The alternatives. We can explain our alternatives analysis in the draft EIS to the extent that we can, but the bottom line is that we don't choose the site. And to the extent that there is a site selection process, Excelsior gave you their

rationale, and then the State will have a permitting obligation to be selecting the site, but -- and we will do the best we can in explaining that in the EIS, and that's the best I can do for you. And I'm not sure what the last question was.

MS. CAROL OVERLAND: The statement about transmission and --

MR. RICHARD HARGIS: Oh, transmission lines, yeah. Well, part of that permit application that the State goes through, I understand that it is going to include high voltage transmission lines, and the upgrades required, and the route, and all that information will be included in the joint Federal and State EIS.

Okay. Earl Orf sent me an e-mail.

MR. EARL ORF: My name is Earl Orf. My wife and I live on Dunning Lake, which is in part of the area that is going to be impacted by the proposed Scenic Highway 7 coal plant. If this plant is built, we could lose our year-round home and our land. This is not a summer cabin, as has been suggested by some people. This could be an eminent domain taking by a private company, which is a controversial issue, so I'll acknowledge right up front that we are not impartial observers to this project. However, this is

the meeting to determine environmental impacts of the plant, so I'll try to confine the rest of my remarks to that issue.

We are concerned about the impacts on the water quality in the area. There are three natural lakes in the area of the proposed plant. We have been monitoring the water clarity in our lake for 15 years in a program sponsored by the MPCA. We regularly get water clarity of over 20 feet, and our last reading for this fall was a depth of 26 feet. We are very concerned that these lakes will be adversely affected by the operation of a coal plant in the vicinity.

We are also concerned that the plant is being proposed for a greenfield. They have an option on 1260 acres containing mature forests and 300 acres of wetlands. This area has not been mined, it is not a used up here, and we see no reason why more of Minnesota's forest and wetlands should be destroyed when there is other areas in the neighborhood that could be used that have already been disturbed.

We are also concerned about the water intake and the output from the plant. They are proposing to use approximately 5,000 gallons per minute from a pit mine lake. This could help with an immediate problem, but will it eventually take too much water out of the

pit lake and make it unsuitable for recreation?

They will also be discharging a large amount of water after from the plant. Where will this water go? Will local lakes and rivers be negatively impacted by this discharge; and what kinds of pollution will be in the discharge?

We are also concerned about noise generated by the plant and its operations; large trains running past the area. The proposed rail line is actually supposed to run between Big Diamond Lake and Dunning Lake, and that puts it right at the end of our driveway. There is also noise from the unloading of the trains and crushing of the coal; I'm concerned about those as well.

We are also very concerned about how a disaster at the plant could be handled. This has been touched on already, but what if there is a disaster? Is there enough fire, medical and police protection to take care of a really big accident that could happen here? Also, who would pay for this protection?

We are also told that the current transmission lines are inadequate to handle the power that would be generated by a plant of this size. If new transmission lines are needed, where would they go; and how much land would be taken for this purpose?

These are our concerns, and we are submitting them to you for inclusion in the scope of the EIS.

MR. RICHARD HARGIS: Thank you. I hope to assure you that our purpose here tonight is to hear your concerns and make sure that we address them to your satisfaction in the Environmental Impact Statement. Thanks.

The next speaker is Ron Rich.

MR. RON RICH: Ron Rich. I have a cabin. We have been on Swan Lake for about a hundred years, and it is to the -- seven miles to the east of the property -- or of the proposed location. I represent Swan Lake Association, but I also am involved in the coal and energy-producing industry with higher technology devices, so I have a couple of questions. Most of my questions that I originally had I can't ask because there is not enough information to ask them. The detail hasn't been provided. And I understand that will be forthcoming, and I'll be on the mailing list to get those.

The real issue that I have is one that has been expressed before, and I'm going to re-emphasize it because it better be in the Environmental Impact Statement. The location of this plant is -- and it has been expressed before -- a bait and switch type of

approach. It was originally set for some place that would be already disturbed, someplace away from existing people's environment. And we have a natural resource, cabins, the kinds of things that they paid money for. Why it is being set here is not clear. My understanding is we are not going to address it. The only alternative we have apparently is a no alternative. I want to make sure that that's the only two alternatives we have for this; otherwise, you need to include something else for other sites.

MR. RICHARD HARGIS: Right. Well, yeah, I didn't mean to imply that there is no alternative site. I mean, there is an alternative site. The alternative -- the primary alternative that the DOE has is no funding regardless of the site. The decision-making in terms of which of those two sites that are proposed falls under the State process, and that will be addressed in the joint Federal/State EIS. And I think we will hear more about that when Bill has an opportunity to speak at the next round of scoping meetings.

MR. RON RICH: How can we appropriately comment on a no funding alternative if this is going to be the subject --

MR. RICHARD HARGIS: Well, you can suggest

that in your opinion the no fund alternative is the preferable one.

MR. RON RICH: And that's all we have as an alternative --

MR. RICHARD HARGIS: Well, if you have other alternatives that are under DOE's purview, you know, --

MR. RON RICH: That's why I'm trying to find out, what other alternatives under DOE purview do we have that we can address?

MR. RICHARD HARGIS: Like I say, the main alternative is either fund or no fund. We can address what the other alternatives are in terms of what alternative sites were looked at; we can state the process Excelsior went through; we can lay that out in the EIS; we can talk about alternative technologies and explain why that's not an alternative. The best we can do is explain to you what alternatives are -- what alternatives are out there and what alternatives DOE has control over.

MR. RON RICH: Two more questions, and they should be short. The cost for kilowatt hour of this facility presumably is significantly higher than a conventional steam-fired coal electric power plant that is just using coal. There is no combustion in terms of any steam. The efficiency of this plant appears to be

about comparable, maybe two or three percentage points higher at best. Is there any possibility in this type of a statement or comment to look at the economics of the project versus the -- just the environmental impacts of it regardless of whether it is economic or not?

MR. RICHARD HARGIS: If you're asking if we could include -- in a section on the socioeconomics, if we could address the cost of power to the consumer, I'm not sure that we could do that. We will look at that and see if we can.

MR. RON RICH: How would we find out about that?

MR. RICHARD HARGIS: How would you --

MR. RON RICH: Find out whether you can look at it or not? Just wait until the next statement or is there some way you can get back to us?

MR. RICHARD HARGIS: No, we will -- we will try to address that in the draft EIS, and to the extent we can, we will.

MR. RON RICH: The final concern that I have is natural gas is being piped to this facility of a capacity to allow the plant to operate without the coal fire technology running. Is there any possibility including in the EIS statement a limitation on the

amount of natural gas that would be used so that the facility would actually have to survive on the technology being proposed; not be converted to a natural gas-fired power plant?

MR. RICHARD HARGIS: I'm not sure I understand the --

MR. RON RICH: They require natural gas to start the facility up.

MR. RICHARD HARGIS: Yes.

MR. RON RICH: They also want to use natural gas when the gasifier is not operating properly; therefore, if it is not operating properly, it becomes uneconomical, or there is a problem, the only recourse for this particular location is to burn natural gas to recover economics out of it. There goes the money into raising private investors. It now becomes a power plant that is not advanced and becomes inappropriate for DOE demonstration money.

MR. RICHARD HARGIS: Yeah, in the Environmental Impact Statement process we look at what is the long-term operation, and if you're asking can we address the impacts in a case where the technology does not perform up to standards, we can include that, what the effects of that would be.

MR. RON RICH: And the last question. As we

organize this, there is very little data on air emissions that they will be able to generate. It is also being recorded as one plan appears to -- the report is two plants, to show them, but the information being reported is for one facility. Is it the intent to double the numbers in the process in the EIS in this particular case so we have a full process or full plant installation being looked at?

MR. RICHARD HARGIS: The intent is to cover both Phase I and Phase II in the EIS; and to my understanding, in most cases it will just be doubled, but where if that is not the case, we will present the best numbers we can get.

MR. RON RICH: Thank you.

MR. RICHARD HARGIS: The next speaker is Kurt Christopherson.

KURT CHRISTOPHERSON: Thank you. I've got a couple of questions, and I've also got a couple of comments.

First of all, my name is Kurt Christopherson. I am a lake homeowner on Big Diamond Lake. I also happen to be a property owner that is showing on the board there that Scenic 7 and the rail line will be going through. I did have my name up there for Bob Evans to put down, but he apologized, so I just thought

I would get that out in the open.

First of all, on the environmental side, the water and wastewater issues. With the water, they are talking approximately 5,000 gallons per minute of influent gathered from either the Canisteo or the Hill-Annex Mine Pit. My question is, from what I understand, there is 2400 gallons per minute of influent coming into the Canisteo currently from springs and other sources. There is also funding already in front of the state legislature to help appease the flooding issues. My question goes to what happens down the road when that pit draws down and the Hill-Annex -- again, when you're talking componentry of the pump stations, which I'm involved in, are going to be exorbitantly expensive, where do we get a future water source other than the pits?

Now, that brings up an even bigger issue. We have approximately, from what I understand, an 80 percent reduction in the water of the influent coming in, which will leave still a thousand gallons per minute of effluent going out. They stated that it is going to go into Holman Lake. Initially we were told it was going to go into Little Diamond; now it is Holman. My question on the wastewater is what are the toxins? What is the water temperature? And once it

leaves Holman and goes into the Swan River, it will enter into the Mississippi. The Mississippi is already a threatened river area. We have already -- all of us have heard about the zebra muscles, the invasive zebra muscles that are in the Brainerd lakes area. We add a thousand gallons per minute of wastewater, first of all it is going to turn Holman and the Swan -- Holman is normally froze here a couple weeks. That will be open water structure, and then once we get into the Mississippi, will we incur zebra muscles coming north?

Now, the next thing I want to get into is the feasibleness. Like I said already, the cost structure for water and wastewater is going to be a mess. They have also asked the City of Taconite to bring city water and sewer up the hill to the plant. The question is: Does the City of Taconite have the funding for that project? Where is the funding going to come from? And how is it going to get there?

Again, like I said, I am a landowner; I have a business in Grand Rapids I'm involved with; also down in the Twin Cities. So I have a vested interest whether it is Itasca County or it is the City of Taconite. And just like yourself, we are all taxpayers. Do we really own our land or are we just leasing it from the government? This is a question for

everybody. My land will be under possible eminent domain. They tell lakeshore owners that we will be able to stay. What is left with us underneath the plant?

Again, for the City of Taconite, Itasca County, this is a tremendous financial obligation. I think we all relate -- I'm from up here. We all relate back to once when Rudy Perpich said, "Jobs, jobs, jobs for the Iron Range," and we built a chopstick factory. Do we remember that? Now Norm Coleman is saying, "Jobs, jobs, jobs," and we are looking at 80 to 100, possibly 160 to 180 if we go to Phase II. If we go to Phase II, of course that is going to require additional infrastructure with water and wastewater. Where is all this coming from? And, again, I just want to leave on that note. Thank you for listening to me. The chopstick factory in Hibbing. No more.

MR. RICHARD HARGIS: Well, certainly we are going to address all of those water quality issues, as well as the water resource issues in the Environmental Impact Statement. I'm not sure how to get -- how to address the tax issues that you raised. To the extent we can with the information that we can get into the community impact/socioeconomics part of the EIS, and I appreciate you raising all those issues.

Okay. The next speaker is Audrey Thayer.

MS. AUDREY THAYER: (Speaking in Native American.) Welcome. My name is Audrey Thayer, and I'm from the White Earth Reservation, which is just west of here, but I live in Bemidji, which is about an hour and ten minutes from here. And I know that somebody is probably saying, "Well, why is this woman here?" I'm a mother of six children, and I have eight grandchildren. I'm a hockey mom, so I was talking to some of the men here over hockey. I'm a true hockey mom. I've been in it for years and years, so I love being up in the Hibbing area and the Taconite area and all where the true hockey people are. I'm also a grandmother of eight children, and I've learned a lot. One, I've learned how to take care of a home and how to take care of a family as a single parent raising those kids and working more than one job. Many of you in this room have. And I think of being a working class family and just being blue collar. My dad was blue collar. I was raised on a farm, as well as being indigenous. I am your land lady. I'm one of the many land ladies that are around this area of Bois Forte, Leech Lake Reservation, Grand Portage, all around in this part of the country, so I have a right to be here. Hearings are important because you want to hear your opinion.

In the years I've raised my six children and my eight grandchildren, I've learned about air quality and eating the one fish a month. I think about the noise. And I love winter, particularly in northern Minnesota when we have a crisp snow, and you hear that crisp snow, and you can hear sounds for many, many miles. When I talked to the gentlemen in the back, they told me they had a model they are working on. They are not sure about the outfield sound, the far field sounds; that concerns me. The size of the factory, 250 feet that one piece. If you notice on the fifth little map back there, 250 foot visual effect.

Concerned about the wetlands issue and the floodplains. They talked about the curve around it and the asphalt and the tar that they were going to place this on. And we know how much snow we get in northern Minnesota. Will the four to eight inches cover, you know, the amount of water overflow?

The water resources and water quality, we have already all experienced a lot of problems. I won't touch on safety and health. The community impacts and environmental justice. Well, let's talk about environmental justice. How often do people come in to grow areas when we need jobs? Well, at what cost? At what cost do we have to have corporations coming into

our communities to offer us what? Was it 100 some jobs? Oh, a thousand jobs in construction for 42 months, which is about three-and-a-half years. Okay. And they bid those contracts; hopefully everybody locally will get them. 100 to 120 specialized jobs. Specialized. They said full-time jobs, but what I'm understanding from back there is specialized. So that means there will be people coming in from elsewhere. Well, the impact study which we need to take a look at which has been done by the University of Duluth talks about the jobs, wages and the spinoff of the retail; nothing mentioned about environmental impact. Well, for some of us who are leaving this fair earth -- I'm 54 years old. You know, I could just say, well, we have got to have those jobs because I need to have, you know, my vacation down in Cancun, but I would like to have it in place for my grandchildren, and I think all of you would. We must think about that.

We must think about also the cumulative effects. And I think about Irv Anderson in the back who -- we have a whole peat bog mining issue in northern Koochiching County, which is the peat bog mining of 800 and some acres we are discussing up there. How is that going to affect us downstream? And I heard again about the Mississippi River. Those

things -- and, again, I'm just an Anishinaabe woman who has raised her family who has worked hard all her life and understands blue collar, and is this something that you want for your community, short-term jobs for what kind of a long-term effect? And how many people have moved to northern Minnesota to get away from it all? I grew up in this. I don't know anything other than rural northern Minnesota. And I get very concerned about southern, and I can get territorial on southern Minnesota people coming up. But, you know, as a land lady, I've welcomed people, my ancestors have welcomed people, but let's be cautious, let's be good stewards. And I was thinking about the signs up here, "And justice for all." "And justice for all of us." That means everyone should be considered and heard. But there are two things that I've learned in my life, in my short life, because there are so many elders here that I have deep respect for the years of work and efforts and understanding and history you have learned, is that we often shouldn't trust the government, and we should stop corporations from coming in and taking what little we have now. Let's be more creative. Thank you.

(Applause.)

MR. RICHARD HARGIS: Thanks for your comments.

I'm not sure how to address them.

MS. AUDREY THAYER: I want copies of the slides. That would be really wonderful.

MR. RICHARD HARGIS: My slides or --

MS. AUDREY THAYER: The whole slide section. Because I was copying, and I noticed these women here have been copying, and --

MR. RICHARD HARGIS: I have no problem with my slides. I'll have to talk to Excelsior, and if they don't have a problem, for the people who request them, we can make them. It is easier if we send them by electronic. If that's fine, that would work.

Okay. The next speaker is Greg Chester.

MR. GREG CHESTER: Thank you for the opportunity to speak. I want to thank the leaders from Excelsior and some of our political leaders for coming here tonight.

The first comment I have deals with a problem that was posed to me quite a few years ago by an elder from the Hopi Nation. I sort of scratched my head on it for quite a few years until I was able to understand it. I don't expect anyone here to understand it either right away, but coal is the liver of the earth, and he said that as the liver of the earth, it should not be taken out of the earth. He said it was the filter in

which a lot of toxins, a lot of very harmful things are stored. He said that the earth placed all of that in the coal, in the earth, so that -- and it has enabled mammals, including human beings, to live on the earth. If we put it back into the atmosphere again, then we will have a very difficult time surviving here.

The second thing is treat the obligations. We have -- we signed treaties with the Anishinaabe, and in those treaties we agreed that they would have in perpetuity the right to hunt, fish, gather, and travel throughout their territory, and it is to be healthy. At this point they have a tough time eating the fish. And if we put more plants, more toxins in the air, in the water, on the soil, it may make it impossible. This would be a treaty violation. And as being a treaty violation, a treaty is a contract, and we would be in violation of that treaty and that contract. And we all know contract law. The conditions would -- we would revert to the conditions before the contract. We would become illegal aliens. U.S. citizens would become illegal aliens in this land.

We have another area, unintended consequences. Some of the unintended consequences would be we need to know how much mercury is actually going to wind up on our lands and on the lands of all the people around us,

through Wisconsin, Michigan, on into New York state, Ohio, and many other areas.

The climate change, we need to know the impact upon the climate. How is that going to change the world climate? We are talking about cutting the forest. How many jobs are going to be lost because of this power line that is going to be sent south? A lot of lumber jobs, a lot of logging jobs and the lumber industry are going to be lost because that land will be denuded of trees.

Opportunity costs. By spending two billion dollars on this plant, what other areas could we spend two billion dollars and have perhaps a greater and a healthier impact? I did some figuring. I figured with two billion dollars, we could put up about 1200 -- more than 1200 large wind generators capable -- each one of them capable of powering 550 homes. I heard this morning they could power even more than that, each one of them could power far more than that, but we will stay with that conservative figure. This would mean that with 1,200 large wind generators, we could supply electricity to 660,000 homes. That's pretty much the entire state. I don't know how many homes we have got in the state, but it would cover quite a bit.

The next thing is this fuel source is also a

dinosaur fuel. I think we ought to think more creatively, think outside the box, and find more renewables to deal with.

I have a question here, and I would like it answered not tonight, a rhetorical question. I would like to know how ten million dollars that was earmarked for renewable energy has been spent on a non-renewable energy source?

Another area is bridge crossings. I live in -- to the west of here, and we have got half of our schools south of the railroad tracks, half of them north of the railroad tracks, so our children and we have to cross those tracks quite frequently. Right now we have to wait sometimes 15 minutes and lines about a quarter of a mile at times and a half a mile long build up as the trains shift and route back and forth on those tracks. If we are going to double, triple or quadruple the number and size of the trains going through there, we are going to need bridges across all of these tracks from here to North Dakota, from here, Grand Rapids, Cass Lake, Bemidji and Crookston and on west.

Security issues. We are talking -- our current administration has been talking about the dangers of terrorism. This plant would be very

vulnerable, and a 250-mile long power line would be a huge Achilles heel and very, very open to sabotage.

Another item, the KEO Accord (phonetic), I'm wondering -- I know we are not signatories of it, but we have a moral obligation to consider the rest of the world, and I'm wondering what impact -- this is going to have a negative impact on the positive things that that accord started to achieve.

And very quickly here, we need to know the amount of acreage -- I think that was already asked earlier -- that that power line is going to take up. And, oh, yes, the other one is the seventh generation idea. How many generations have you looked ahead with this project or all of these projects? I'm asking the political and business leaders here, have you looked seven generations ahead to see what impact this particular project and the greater project -- I think what are we talking about is four or six of these plants -- is going to have upon the future generations of our children and grandchildren and great grandchildren and the earth around us? Well, thank you for the opportunity to speak to you tonight.

(Applause.)

MR. RICHARD HARGIS: Thank you, Mr. Chester. Some of those issues that you raised obviously are not

within our purview, but I'm glad you had the opportunity to voice them.

And the next speaker is -- and you're going to have to help me out here, because I can't actually read it. James Froumbes or Frounds? It looks like F-r-o-u-m-b-e-s. Well, if you signed up and --

AUDIENCE MEMBER: James Troumbly?

MR. RICHARD HARGIS: I guess we will move on. If Mr. Froumbes shows up, I can answer to him. Ron Dicklich.

MR. RON DICKLICH: My name is Ron Dicklich, and I'm the executive director of the Range Association of Municipalities and Schools, which is 25 cities, 15 school districts and nine townships in the Taconite Relief Area, which is defined by Minnesota statute, and our executive board is taking the position in favor of the Mesaba Energy Project. And part of that is we view that as an important step for the development in the future. As you know, we have gone through 25 years of economic recession. And aside from that, we were hoping that through projects like this we can turn around that economic decline so that we can once again build our area. Our school systems currently have 40 percent of the enrollment that they had in 1980. Our cities have declined. We have lost 60,000 people in

northeastern Minnesota, and we view this as a way for other developments so that we can build our tax base so that the increasing tax burden that people have had up here can stop. We feel it is important for our future to succeed that we be for a project that are proven to be economically feasible, but also environmentally.

I would like to remind everybody that Minnesota has the most stringent -- or some of the most stringent standards in this country. Many times Minnesota is targeted as being too stringent for development. I don't think that's a negative. I think it is important. And when companies do make it through that process, that they are something that we can get beside and support. I also will divulge that I also am a government consultant for Great River Energy, which is a wholesale electric provider for cooperative electricity, retail cooperatives, and we know that in our projection there was a need for 6,000 megawatts in the map area, and that projects like this are going to happen. We view it as an opportunity to have economical, affordable and reliable, because this is reliable energy. That 6,000 megawatts is not going to be obtained by any one form of electrical generation. Already the State of Minnesota is proposing that there be 2000 megawatts of wind power, and they are hoping

that that will be reliable energy. Up to this point wind has worked, and it has become economical. At first it was a little bit expensive. And so that together, by having projects like this and wind power, Minnesota can be a state that is progressive and be promoting clean -- cleaner energy so that we can develop. And on top of the economic reasons, that's why the Range Association of Municipalities and Schools supports this project. To build back what we have lost, be able to fill our schools again, because enrollment and economic growth go hand in hand, and also -- and also so that our cities can prosper in the future.

And I happen to reside on Snowball Lake, so this -- I'm not just coming in here and being for a project that I won't be able to see every day, which is six miles by air. One of the gentlemen said it is seven miles where he is. I'm six miles from there right off Highway 169 on a lake as well. So I just hope that the projects like this will be around so that my grandchildren can stay here, so that we have an economic future, and so that our education systems and our cities can survive. Thank you.

(Applause.)

MR. RICHARD HARGIS: Thanks, Mr. Dicklich.

The next signed up speaker is Damian Hoey.

MR. DAMIAN HOEY: Good evening. My name is Damian Hoey. I'm a resident here in Taconite, and I appreciate all the comments that everyone has made this evening. A lot of the environmental questions, they are very important throughout the project to make sure that these concerns are addressed, each and every one of yours. I mean, they are dictating these. Everything will have to be addressed that has been brought up this evening, so thank you for all of your concerns.

A few things that were brought up were also issues that I had on my mind for what are we going to do for emergency response? I'm a member of the fire department here. We will need training. We will need equipment. These are things that need to be looked at towards the future. They cannot answer these things right now. None of us can.

A few other things. Funding for the infrastructure. Once again, I don't expect them to have the answers right now, but I do want an answer later on.

And it is sad to see that some people in this area, if it does happen, will lose their homes, but I know I've been told many stories as a child when the

mines were operating here, a lot of people lost their homes. Not three, four, five. Whole locations were removed. I live in a home in town here that was moved from a location over in Calumet because the mines took over. The people did not complain about it because they were able to put food on their tables for their children, and I can't argue with that.

All the environmental impacts, yes, there are going to be impacts, but I feel through this meeting they are all being addressed, and I hope that they will be thoroughly. And there was a comment about, you know, all these jobs for taking vacations. I don't believe so. Many of my friends are working two jobs trying to support a family. They have got to go work down in the Cities or on the road just to support their family. I want them to be able to be home to help them raise their children. Thank you very much.

(Applause.)

MR. RICHARD HARGIS: Thank you, Mr. Hoey. The next speaker is David Hudek.

MR. DAVID HUDEK: Hello. My name is David Hudek. I'm also one of the landowners on Diamond Lake. I'll be directly affected by this project, losing some of my right to privacy because we will hear construction for approximately three-and-a-half,

three-quarters, four years for this project right across the street.

I've heard some of the people talk about relocation. This house I do live in I built myself. It is not only me I speak for and not only the landowners there, but this is a community issue. There is jobs at stake, there is environmental issues at stake, there is also people and their lives are at stake.

As far as the information given, a lot of us feel that we have been in the dark, and we can't expect immediate answers to some of these problems that need to be resolved immediately or in the future, but I feel that I stand along with some of the other homeowners at this proposed site by saying, "Why this site? Why in a green area?" There is dozens of areas that have been polluted, raped of all the lumber and abandoned. These areas support infrastructure. They support heavy industrial buildings. These sites have not been explored enough. I think this has been too narrowly looked at as far as, "We are going to do this site, this site or nothing." And the State is going to be standing there going, "Well, we get all this money for funding, let's put it in. It sounds good." Well, this does sound good on paper. You guys did a wonderful job

of exhibiting this proposed plant. The problem I have with it, it has never been proven on this scale, and there is issues with the location, the security, maybe your emergency responders. There is going to be gas lines, coal lines, noise pollution; there is going to be all kinds of security issues bordering the power plant. If anybody has had a power plant put up in their neighborhood, they know what I'm talking about. It is not just a view of the smokestacks. It is not just a view of the power plant or the cooling silos. This is going to be a chainlink fence around a secured area.

Now, if they put this in an area where it is not going to affect greenery, it is not going to affect us landowners, it is not going to pollute us, they can put it in an area that has been tainted, then why are they picking this area? I think I have one of the reasons. Because they have very few landowners up here to go against this. They can push this through without enough resistance to where it is going to slide right through the government. Because they are looking at the money, they are looking at the jobs, and it is an easy location, it is a shoe-in. And it has been a bait and switch. I've talked to several senators, I've talked to state representatives, Congress people on my

own time, and they are in the dark as much as I am except for the dollars and cents that have been presented for them. So I think more of these issues have to be addressed. Thank you.

(Applause.)

MR. RICHARD HARGIS: Thank you. Obviously, the site selection is a controversial issue, and as I said before, it is really not within the DOE's decision-making to rule on that, but I can assure you that we will present as much information about the site selection process as we can.

Our next speaker is Loren -- and, again, Solbers, does that sound right?

MR. LOREN SOLBERG: Solberg. Thank you. And I also give greetings from Senator Saxhaug, who represents this district. I live in Grand Rapids, Minnesota. I used to represent this area in the state legislature. I am now just a few miles to the west of this.

I read the document that you sent for the scoping. I want to try to make sure that we address scoping issues so that as you come back for the next -- in the preliminary drafting of it, that we include things that this meeting will bring forward. And I am very pleased that some suggestions have been brought

forward that you will be able to include into the scoping document.

Additionally, though, I will have to say that the Department of Energy has I thought included just about everything that you could possibly think of in inclusion in the scoping document with a couple of things, though, that were mentioned tonight. One is the cumulative effect. And we know also and want you to consider in your document the cumulative effect of the need for electricity. Obviously, electricity need is going to grow, and if we don't build this clean coal plant here, then what kind of coal -- or what kind of electrical generation plants are we going to have? Are they going to be dirty coal plants? Are they going to be built in Kentucky with the airflow and the pollutions coming up this way with us not having any say on it? So I know the electricity demand is growing. Coal is one of our resources, and I'm extremely excited about the possibility of the clean coal aspect of this plant.

I also want to emphasize another thing, too, in the socioeconomic part of your document, and that is not only the positive effects, but I want you to be able to take into consideration the unemployment rate and the negative effects that this area has had with

the lack of job opportunities. And I know there are issues such as how we deal with a thousand workers coming into the area, but I also probably want to give you some history on that, that when we built the Taconite plants, this area had a great deal of construction jobs, and we were able to handle them. If you need to have that historical documents, those should be available as you address those issues.

Again, thank you very much, and it has been a pleasure being here tonight.

(Applause.)

MR. RICHARD HARGIS: Thank you, Mr. Solberg.

Our last registered speaker is Walter Petrusic.

MR. WALT PETRUSIC: Walt Petrusic, Swan Lake. And I guess as others that live six, seven miles down wind from your location, my comments are centered around air emissions, whether that be mercury toxins, odors, or dust, or other particulates.

One of the other things, I don't see anything on stack height, and I think the people in my location would prefer to have a high stack height as high as possible for emission purposes.

MR. RICHARD HARGIS: Well, in terms of stack height, there -- the modeling -- there will be air

quality modeling done, and stack height is one parameter that is included. There is also an issue with stack height in terms of visual effects or aesthetics. So there is kind of a balance there as well, but we will incorporate that -- that concern in our EIS.

Okay. That's all the registered speakers I have now. Anybody that may have thought of something?

MR. JAMES LAWSON: Hi. I'm Jim Lawson, city mayor of Taconite. I've been at a few meetings here, and I've heard a lot of negative stuff, and I've heard a lot of positive stuff. The Micheletti boys, Bob Evans and their team, in my opinion I thank very much, and as far as the City of Taconite would thank you, and we hope it goes, and we really do. Thank you very much.

(Applause.)

MR. RICHARD HARGIS: Anybody else that would like to provide us with some comments or suggestions or criticism or whatever?

MR. MARK MANDICH: Hi. My name is Mark Mandich. I'm an Itasca County Commissioner. I'm also a resident of this area the majority of my life. I went through school here K through 12. I went in the service for four years, come out and got a part-time

job, and then I had to leave the area for seven-and-a-half years for a good-paying job. I'm lucky enough to be back here now, and I know there is a lot of people in this room that are from this area and grew up who have had some of their relatives have to leave for a good-paying job. We have got an opportunity here to bring in some of those good-paying jobs. There was some good questions tonight. I'm confident they will be answered. You have got an excellent team put together here, and I just think it is going to be a good shot in the arm for the community. So I really hope it goes, and I thank all of you gentlemen. Thank you.

(Applause.)

MR. RICHARD HARGIS: Okay. Thanks. Anybody else?

MR. PETER CASTONGUAY: My name is Peter Castonguay. I moved up from Minneapolis --

MR. RICHARD HARGIS: Excuse me. Could you spell your name for the court reporter.

MR. PETER CASTONGUAY: C-a-s-t-o-n-g-u-a-y.

MR. RICHARD HARGIS: Thank you very much.

MR. PETER CASTONGUAY: I moved up from Minneapolis about seven years ago. I grew up in Maple Grove on a farm. It was wonderful. The town

encroached; I had to get out. I came up here, beautiful place, bought a house in Marble. This place will be to the west of me, which means the fallout will be on my house and my town. I'm concerned about that. I don't like it. I'm concerned that I won't be able to go out in the backyard and ride the four-wheeler and snowmobile. I won't be able to fish and eat the fish.

And another thing. He touched on some jobs. His buddies are down in Minneapolis working better jobs or whatever. I don't know if they are scientists or what, but if they actually moved home, could they really get jobs? There is probably going to be a dozen custodial jobs, light maintenance at this plant for people that -- from around here who haven't went to schooling and such. I guess that's about it.

MR. RICHARD HARGIS: I think we can make an attempt to address what types of jobs would be involved, and that would be included in the socioeconomic section. Thanks. Thanks for the comments. I think we had one more over here.

MR. PETER MCDERMOTT: My name is Peter McDermott. I'm president of Itasca Development/Jobs 2020, and we are the economic development agency for the county, and just -- it has been stated before, but I just thought I'll restate a couple of statistics that

are important to me.

In 1980, that our county had average wages $2,003 higher than the State of Minnesota, and that's, of course, because we had the mines very healthy and the forest products very healthy. And today -- in 2003 dollars, actually. In 2003, the State of Minnesota wages are 32 percent higher than they are in Itasca County, and 40 percent of the people working in Itasca County are being paid $10 an hour or less. And if you times that out, it is really not livable wages. And so we can't -- we can't under-estimate the importance of this project for economic development.

Over a hundred years ago the citizens of this community built a dam on the Mississippi River to capture power, and they didn't even have a project -- a paper mill signed up, but they built it. And they actually had a community vote on that dam, and the people got together and paid for it. I think 58 people -- this is from Don Boese's book, "The Papermakers." 58 people showed up and voted to go ahead with that dam, and then we know what the economic impact of Blandin Paper Company has been over in Grand Rapids. But, at any rate, the importance of this project or the other projects that are on the agenda here are critical, and none of these projects are

approved, and none of these projects are for certain. I mean, this project has a ways to go to get financed, and I was happy to see the importance of community support and happy to view the community support in this town and in this whole area. I thank the mayor over there for his comments.

You know, and we are -- someone mentioned that the State of Minnesota has rules and regulations, very tight rules and regulations. They can permit some of these projects -- I know the history of the paper industry, and they can cover the projects in six months, and we take about 18 months to do it over here. We are very careful about what we are doing. So I trust public officials and the people from the Minnesota Pollution Control Agency and the Federal Government to control those things that they are more knowledgeable about than I. So I just reiterate support. And I hope that the scope -- now to the point of this meeting -- and I didn't quite see it in the scoping that the positive socioeconomic impacts will be addressed, so that if you say if we built it, this is what will happen economically, and if we don't build it, we will still have people making less than $10 an hour. So thank you.

(Applause.)

MR. RICHARD HARGIS: Thank you. That's a good point. We always look at the EIS as presenting the negative impacts, but to the extent there are positive impacts, we need to address those, too.

MR. DAVID TOMASONNI: I'm David Tomassoni, T-o-m-a-s-s-o-n-i. You did a really good job of pronouncing both Tomassoni and Castagneri, so I'm really proud of you.

I'm a State Senator from Chisholm, and I'm the guy you either really like or really hate tonight, because I'm the one who is the chief author of the bill. When Tom Micheletti and I first got together and talked about this, it was back in the summer of 2000-2001, I think it was, and one of my frustrations at the time was the cyclical nature of the taconite industry and the resource-based economy that we have up here and how difficult it is to have reliable jobs. And I was watching people lose their pensions, and I was watching people lose their jobs, and I was trying to figure out a way to get some kind of stability of jobs in this economy, and I looked at Tom, and I said, "You know, Minnesota Power doesn't seem to have problems with jobs, and it seems to me that those are really good jobs." I said, "What are the possibilities of us building a power plant?" And he said, "You know,

my wife and I have just been thinking about that." And that's kind of where it started. And, you know, you can't build a power plant if there isn't a need for the power, and you can't build a power plant if you can't get the environmental considerations satisfied. And one of the things you are noticing here today is there is a lot of concerns, and rightly so. Everybody should be concerned about the environment.

We have here what I consider to be the next technology that the United States is going to be using, and this is going to be widespread across the United States. This isn't only going to be in Minnesota. This is going to be a major part of the United States' energy policy. And the reason is, is because coal is a very -- we have the largest deposits of coal in the world in the United States. You might say, "Well, why don't we do something cleaner? Why don't we use natural gas?" Well, if any of you are heating your home with natural gas this winter, you are going to find out why natural gas is becoming a problem. The cost of natural gas two years ago was two dollars and fifty cents. Today it is 14 dollars, and it is rising, and there is no good reason for it. The supplies are up; there is -- the demand is the same as it was before, but one of the major reasons that there is

concern about natural gas is because 32 power plants have gone on line over the last five or six years that are based on natural gas. There is an awful lot of natural gas being used. This energy here will, in fact, go a long way to mitigate the problem of foreign sources of fuel. It will go a long way to mitigate the problem of dirty coal plants being cleaned up. Minnesota itself, 65 percent of our energy is produced by coal, and if we can clean up 65 percent of the energy in the state of Minnesota because this plant is successful, and we can do it to the other plants in the state of Minnesota, think how far we have gone in cleaning up air and water and having a reliable-based source of energy in this state.

And, finally, jobs. Jobs. People really need jobs. When people need good jobs and have good jobs, you make a difference in people's lives, to the school districts, to the towns, to the tax base. These plants are going to be built. Where are they going to be built? I don't know, but I hope we build them in Minnesota, because if we don't build them in Minnesota, they will be built somewhere else, and somebody else will have the jobs, and somebody else will have the tax base, and somebody else will have the resource, and we will be paying for it here. I hope that we get this

thing done. It has come a long, long way.

The Excelsior Energy group deserves a real lot of credit for working as hard as they have on this. They have been at it for four years now. They have made great strides toward getting it done. The Federal Government has done a great job in cooperating. They realize what this technology is like and how good it can possibly be. And I want to thank you for coming all the way over here, by the way, to be with us. And I'm just -- I'm just very hopeful that this is the beginning of some really good stuff, because not only are the construction jobs going to be very good construction jobs, but the end product jobs are going to be very good jobs, too. So thank you very much.

(Applause.)

MR. RICHARD HARGIS: Okay. Thank you very much.

Anybody else?

MR. TOM MICHELETTI: I'm Tom Micheletti. I'm the co-president and CEO of Excelsior Energy, the proponent of this project. I just want to make a few brief comments.

First, all of us at Excelsior very much appreciate your attendance here tonight and your interest in this project. For those of you who are

here to express support for the project, we appreciate that, but I also want you to know that we appreciate the issues and concerns that have been raised by others who have been in attendance here.

As it has been described by the Department of Energy people, this is a very rigorous process that we have to go through, but I just want to give you my own personal assurance, irrespective of the requirement of the Federal law. I think many of you -- and as Senator Tomassoni said, that one of the reasons we have gotten this project to this point is that we have been honest with people, and we have nothing to hide. And I want to give you my personal assurance that you will have as much information about this project, about the technology, about the impacts, as we can possibly generate for you. Now, I give you my personal assurance of that because we don't want to build just one of these projects on the Iron Range. We want to build more than one. We want to develop three sites here, and the only way that we are going to be able to do that is if we are honest with you about the first one. So we have a very real interest in doing this. And, again, I want to thank you for being here. It has been a long day, since 4:00. I want to thank the Department of Energy and NETL for hosting this and for

being so helpful to us in our project. Be safe driving home. Thank you.

(Applause.)

MR. RICHARD HARGIS: Okay. Thanks, Tom Micheletti.

Are there any more requests to make comments? I see people grabbing their coats. It has been a long day, but I think it has been a very useful day. I hope it has been useful for you. I know it is important for us, and we appreciate all the comments that people have provided.

Remember, we ask -- I know that there is another scoping period that will come up in February, but please provide any comments, and if you know anybody else that is thinking about giving us comments, please provide us comments by November 14th, and we can start working on the draft EIS and then will be in a better position when the scoping meetings -- the joint scoping meetings with the State take place.

With that, let the record show that the meeting ended at 8:57. And with that, we are adjourned.

(Whereupon, proceedings concluded at 8:57 p.m.)

STATE OF MINNESOTA

COUNTY OF ST. LOUIS

REPORTER'S CERTIFICATE

I, Calvin J. Everson, Registered Professional Reporter, hereby certify that the foregoing pages are a true and correct transcript of my stenographic notes taken relative to the afore-mentioned matter on the 25th day of October, 2005, in the City of Taconite, County of Itasca, and State of Minnesota.

Signed this 11th day of November, 2005.

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Calvin J. Everson
Registered Professional Reporter